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SECRET

The Director of Central Intelligence

Washington, D.C. 20505

Executive Registry
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25 October 1982

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The Honorable William P. Clark
Assistant to the President for
National Security Affairs
The White House
Washington, D.C. 20500

Dear Bill:

I write this to follow up on the President's indication, in his recent letter to me, that he would like me to discuss with you how we can respond to the recommendations contained in PFIAB's initial report to him.

Anne Armstrong has provided us with the specifics of the comments and criticisms of the approximately 30 current and past U.S. officials interviewed over a seven-month period. I enclose a copy of a letter expressing our appreciation and outlining steps already taken and the additional ones planned to improve the quality of analysis and improve policymaker understanding of the Intelligence Community. For the first time in close to a decade, the scope of the analytical and estimative program now reasonably matches the scope of the issues and problems faced by the policy community. To illustrate, national estimates dwindled from an annual average of 51 in the late 60s to 33 in the early 70s and all the way down to an annual average of 12 in the 6 years from 1975 through 1980. During 1981 we did 38 national estimates and we will do 60 or more during 1982.

Under NSC auspices we have completed a comprehensive review of the hostile intelligence and the additional capabilities with which to deal. The implementation of those recommendations is proceeding in an IG on counterintelligence and an IG on countermeasures. In the meantime, as you know we have been pressing for additional FBI agents in the 1983 budget and CIA plans the deployment of full-time case officers as rapidly as possible to regional and country assignments overseas. The IG-CI will soon have recommendations on the desirability of possible measures on the level of hostile and travel restrictions. NSA has briefed PFIAB on its net assessment of action against Soviet intercept activity in the U.S.

We are working to assist PFIAB in developing an independent assessment on the Soviet economy under the auspices of the Department of Commerce supported by outside experts. In addition, CIA economists will support Allen Wallis, the new Under Secretary of State for Economic Affairs, to make a net assessment of trade with the Soviet Union on their economy and ours which Secretary Shultz has asked him to do. This is likely to involve an evaluation of our work on the Soviet economy by Dr. Wallis and his colleagues who have high economic competence.

Secretary Shultz, Secretary Weinberger, and I have met with Johnny Foster's arms control committee. I found the recommendations made in their letter to the President both innovative and sound and we either have or will implement most of those relating to verification.

CL BY [redacted]
RVW OADR

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I have redirected the SAFE program which had bogged down badly after some seven years and many millions of dollars. Shifting to proven technology and enlisting software, we are now scheduled to have [redacted] analysts on line with a first-stage system in 1983. I have engaged [redacted] to critique this redirection and will have their report shortly. 25X1 25X1

The system in the SIG-I under NSC auspices which has prevailed for ten years for an annual consumer formulation of key intelligence topics had become quite static and sterile. We will now have a quarterly review of intelligence products produced on the key topics and, at the same time, specify additional analysis and collection required.

You are familiar with the efforts being made to tighten Cocom and reduce technology loss.

Yours,

William J. Casey

Enclosure

cc: Chairman, President's Foreign Intelligence
Advisory Board

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